

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'A', NEW DELHI**

**BEFORE SHRI MAHAVIR SINGH, HON'BLE VICE-PRESIDENT
&
MRS. RENU JAUHRI, HON'BLE ACCOUNTANT MEMBER**

ITA No. 2355/DEL/2025; Assessment Year: 2021-22

Allen Petrochemicals Pvt. Ltd Plot No. 835, Acchonda Ind. Estate Partapur Meerut- 250103 Uttar Pradesh	Vs	DCIT Central Circle
(APPELLANT)		(RESPONDENT)
PAN No. AACCA4573H		

Assessee by : **Shri Sanjeev Grover, Shri Viral Jain, CA**
 Revenue by : **Shri Jitender Singh, CIT DR**

Date of Hearing: 07.01.2026	Date of Pronouncement: 29.01.2026
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ORDER

PER RENU JAUHRI :

The above captioned appeal is preferred before the Tribunal by the assessee against the order dated 27.03.2025, passed by Principal Commissioner Income Tax (for short, PCIT) KNP at Meerut u/s 263(1) of the Income Tax Act, 1961 (hereinafter referred to as, "Act").

2. The assessee has raised several grounds of appeal which are reproduced as below:

“ 1. That on the facts and circumstances of the case and in law, the order passed by the Ld. Pr. Commissioner of Income-tax (CIT) Central Circle, under section 263 of the Income-tax Act, 1961 ('the Act') setting aside the assessment framed under section 143(3) by Ld. AO as erroneous and prejudicial to the interest of the Revenue is wholly unreasonable, uncalled for, bad in law and void ab-initio.

2. That in the facts and circumstances of the case, the Ld. Pr. CIT erred in not passing a speaking order against the submissions of the appellant. As such, the order passed u/s 263 is void ab-initio. The action of the Ld. Pr. CIT was wholly unreasonable, uncalled for and bad in law.

3. That in the facts and circumstances of the case, the Ld. Pr. CIT erred in setting aside various issues without recording any prima facie finding on the merits of the issues. As such, the order passed u/s 263 is void ab-initio. The action of the Ld. Pr. CIT was wholly unreasonable, uncalled for and bad in law.

4. That in the facts and circumstances of the case, the order u/s 263 is merely 'change of opinion'. The order u/s 143(3) passed by the Ld. AO does not in any way represent erroneous order. The action of the Ld. Pr. CIT was wholly unreasonable, uncalled for and bad in law.

5. That the appellant prays that your honour hold that the order passed by the Ld. AO was after making proper inquiry and was neither erroneous nor prejudicial to the interest of the revenue and hence the order passed by the Ld. Pr. CIT u/s 263 setting aside the assessment order by the Ld. AO, may be held to be bad in law and on fact.

6. That the appellant craves the leave to add, modify, amend or delete any of the grounds of appeal at the time of hearing and all the above grounds are without prejudice to each other.”

3. Brief facts are that a search action u/s 132 was conducted on 15.01.2021 in the Blomstrende Buildwell group of cases including M/s Sunny Chemicals Pvt. Ltd. During the search, it was seen that the assessee company was one of the beneficiaries of cash payments made by M/s Sunny Chemicals Pvt Ltd. Accordingly, proceedings u/s 153C were initiated against the assessee and the case was centralized. Assessee filed return for A.Y. 2021-22 on 15.11.2021 declaring income of Rs. 2,73,580/-. Assessment was completed u/s 143(3) vide order dated 28.12.2022 at returned income.

3.1 Subsequently, Ld. PCIT issued a show-cause notice u/s 263 on the ground that the assessment order was erroneous and prejudicial to the interest of revenue for the following reasons:

- (i) Source of investment of Rs. 80,50,000/- in purchase of land was required to be explained by the assessee.
- (ii) Details of bank accounts were not submitted correctly in the return.

3.2 The assessee in its reply explained that closed bank accounts were erroneously mentioned by the counsel while filing ITR while one current account with SBI was inadvertently omitted. As regards the investment of Rs. 80,50,000/, the details were furnished before the Ld. AO along with the source of investment as under:

Date of Payment	Amount (Rs)	Source of Payment
08.03.2021	8,00,000/-	Out of the accumulated balance in bank A/c
12.03.2021	12,20,000/-	Out of the accumulated balance in bank A/c as from one customer M/s Khanna Sports Industries
20.03.2021	60,30,000/-	Out of the unsecured loans of Rs. 10,00,000/- & received from Mr. Ravindra Allen, Director respectively plus Allen with FD encashment receipt of Rs. 10,00,000/- from one customer.

3.3 However, Ld. CIT(A) held that the necessary verification of facts/enquiries which should have been made were not done by the Ld. AO, and, therefore, held the order to be erroneous and prejudicial to the revenue in view of Explanation 2(a) to section 263 of the Act. Setting aside the assessment order, Ld. PCIT directed the Ld. AO vide order dated 27.03.2025 to pass fresh order after conducting proper enquiries, including third party enquiries and investigations etc. into the claims made by the assessee in the IT return, after providing due opportunity to the assessee. Aggrieved, the assessee has preferred an appeal before the Tribunal.

4. Before us, Ld. AR has submitted that Ld. AO has raised the relevant queries regarding the bank accounts, immovable properties in which investments were made during the year and the loans and advances taken from related parties (Rs. 50,70,000/-) . Requisite details were filed before the Ld. AO during assessment proceedings. After examining the details, Ld. AO recorded his satisfaction and completed the assessment at returned income as is evident from the assessment order. In view of these facts, the action of Ld. PCIT in holding the order of Ld. AO as erroneous, is without any basis. Further, it is not a case where no enquiry was made by the Ld. AO so as to attract the provisions of the Explanation 2(a) to Section 263 of the Act.

4.1 On the other hand, Ld. DR has strongly relied on the order of the PCIT. He has pointed out that there was mismatch in the bank accounts mentioned in the purchase deed of the property from the source bank as submitted by the assessee. Ld. AO had not reconciled the mismatch in account numbers nor verified the source of investment of Rs. 80,50,000/- in the property purchased during the year.

5. We have heard the rival submissions and carefully perused the material placed on record. Admittedly, the Ld. AO raised specific queries relating to the investment made in immovable property as well as the loans and advances taken from related parties during the year vide questionnaire issued on 14.12.2022 along with the notice u/s142(1)of the Act. All the requisite details were submitted along with the written submissions. These were duly verified and no adverse inference was drawn as is evident from the assessment order.

5.1 We note that in the reply to the show-cause notice u/s 263 issued by the Ld. CIT(A), it has been explained by the assessee that the immovable property was purchased in e-auction under the SARFAESI Act from Punjab National Bank and the payment was credited to the NPA account of the defaulter, M/s Sai Nath Products who was the owner of the property. This was the reason that details of

the account mentioned in the purchase deed were different. Further, a copy of the Bank account from which the payment of consideration had been made was also filed before Ld. PCIT.

5.2 We further note that the Ld. PCIT has not pointed out as to what was the error in the order of Ld. AO and how the same is prejudicial to the interest of revenue. Further, Explanation 2(a) to section 263 is not applicable in the facts of the present case as all the requisite details have been called for and examined by the Ld.AO as clearly stated in the assessment order. Hence, we are of the view that the Ld. PCIT's reliance on the Explanation is misplaced as the same is applicable only in case the order is passed without making enquiries or verification which should have been made.

6. After taking into account all the facts and circumstances, we are of the considered view that the order u/s 263 passed by Ld. PCIT is without any basis and hence the same is hereby quashed.

7. In the result, the appeal of the assessee is allowed.

Order pronounced in the Open Court on 29-01-2026.

Sd/-
(MAHAVIR SINGH)
Vice President

Sd/-
(RENU JAUHRI)
Accountant Member

Dated: 29.01.2026

Pooja Mittal

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asstt. Registrar, ITAT, New Delhi